

CANADA COAL INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)**

(UNAUDITED-PREPARED BY MANAGEMENT)

These financial statements have not been reviewed by the Company's auditor.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Canada Coal Inc. for the three month period ended December 31, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

CANADA COAL INC.**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)**

AS AT

	December 31, 2018	September 30, 2018
ASSETS		
Current		
Cash and cash equivalents (Note 7)	\$ 1,491,299	\$ 1,596,128
Receivables (Note 8)	8,307	6,092
Prepaid expenses (Note 9)	2,771	5,146
Total Assets	\$ 1,502,377	\$ 1,607,366
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 10,981	\$ 37,609
Total Liabilities	10,981	37,609
Shareholders' equity		
Capital stock (Note 11)	7,936,101	7,936,101
Reserves (Note 11)	302,431	302,431
Deficit	(6,747,136)	(6,668,775)
Total Shareholders' Equity	1,491,396	1,569,757
Total Liabilities and Shareholders' Equity	\$ 1,502,377	\$ 1,607,366

Nature and continuance of operations (Note 1)**Commitments and contingencies** (Note 13)**Subsequent events** (Note 14)**On behalf of the Board:**

_____, Director

"R. B. Duncan"

_____, Director

"T. A. Fenton"

See accompanying notes to the condensed consolidated interim financial statements.

CANADA COAL INC.**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31**

	2018	2017
EXPENSES		
Management fees (Note 10)	\$ 39,000	\$ 39,000
Office, rent, and miscellaneous	3,548	3,684
Professional fees (Note 10)	2,230	2,057
Transfer agent and filing fees	3,448	10,598
Opportunity investigation costs (Notes 10 and 15)	34,305	-
Loss before other items	82,531	55,339
OTHER ITEMS		
Investment income	(4,170)	(2,667)
Net loss and comprehensive loss for the period	78,361	\$ 52,672
Basic and diluted net loss per common share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding – basic and diluted	31,724,875	21,724,875

See accompanying notes to the condensed consolidated interim financial statements.

CANADA COAL INC.**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31**

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (78,361)	\$ (52,672)
Change in non-cash working capital items:		
(Increase) in receivables	(2,215)	(1,617)
(Increase) decrease in prepaid expenses	2,375	(7,625)
Increase (decrease) in accounts payable and accrued liabilities	(26,628)	(7,136)
Net cash flows (used by) operating activities	(104,829)	(69,050)
Increase (decrease) in cash and cash equivalents	\$ (104,829)	\$ (69,050)
Cash and cash equivalents, beginning of period	1,596,128	1,170,111
Cash and cash equivalents, end of period	\$ 1,491,299	\$ 1,101,061

Cash and cash equivalents, comprised of:

Cash	\$ 399,678	\$ 22,920
Short term money market investments	1,091,621	1,078,141
	\$ 1,491,299	\$ 1,101,061

See accompanying notes to the condensed consolidated interim financial statements.

CANADA COAL INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE PERIODS ENDED

	Number of Shares	Capital Stock	<i>Reserves</i>		Deficit	Total
			Equity Settled Share-Based Payments Reserve	Warrant Reserve		
Balance, September 30, 2017	21,724,875	\$ 7,440,037	\$ 115,039	\$ -	\$ (6,396,002)	\$ 1,159,074
Net loss and comprehensive loss for the three month period	-	-	-	-	(52,672)	(52,672)
Balance, December 31, 2018	21,724,875	\$ 7,440,037	\$ 115,039	\$ -	\$ (6,448,674)	\$ 1,106,402
Issued pursuant to private placement	10,000,000	508,072	-	191,928	-	700,000
Share issue costs - cash	-	(12,008)	-	(4,536)	-	(16,544)
Net loss and comprehensive loss for the nine month period	-	-	-	-	(220,101)	(220,101)
Balance, September 30, 2018	31,724,875	\$ 7,936,101	\$ 115,039	\$ 187,392	\$ (6,668,775)	\$ 1,569,757
Net loss and comprehensive loss for the three month period	-	-	-	-	(78,361)	(78,361)
Balance, December 31, 2018	31,724,875	\$ 7,936,101	\$ 115,039	\$ 187,392	\$ (6,747,136)	\$ 1,491,396

See accompanying notes to the condensed consolidated interim financial statements.

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS) FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

Canada Coal Inc. (hereafter the "Company" or "Canada Coal") was incorporated on August 26, 2010 under the Business Corporation Act (Ontario) under the name Pacific Coal Corp. On April 12, 2011, the Company changed its name to Canada Coal Inc. The Company's principal business has been the acquisition and exploration of coal properties in Nunavut, Canada however it is currently exploring other business opportunities. The Company has not generated significant revenues from its operations.

The Company's head office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9.

These condensed consolidated interim financial statements were approved by the Board of Directors on February 6, 2019.

These condensed consolidated interim financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As December 31, 2018, the Company had working capital of \$1,491,396 and an accumulated deficit of \$6,747,136 compared with working capital of \$1,569,757 and an accumulated deficit of \$6,668,775 as at September 30, 2018. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These condensed consolidated interim financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

3. BASIS OF PRESENTATION

These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2018 and were prepared using the same accounting policies, method of computation and presentation as were applied in the annual financial statements for the year ended September 30, 2018.

Changes in accounting policies

IFRS 9, Financial Instruments

Effective October 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (EXPRESSED IN CANADIAN DOLLARS) FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's unaudited condensed consolidated interim financial statements. Below is a summary showing the classification and measurement bases of our financial instruments as at October 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Corporation's September 30, 2018 consolidated financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- **Financial assets recorded at FVTPL**

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents have been classified as FVTPL.

- **Amortized cost**

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest." The receivables are classified as financial assets and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- **Amortized cost**

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

- **Financial liabilities recorded FVTPL**

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

4. SIGNIFICANT ACCOUNTING POLICIES

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

New Accounting Standards Issued Not Yet Effective

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Company does not expect IFRS 16 to have any impact on its consolidated financial statements.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity.

The Company is dependent on external financing to fund its activities. In order to carry out future activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company continues to seek and assess new opportunities to acquire an interest in additional properties or projects if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the three months ended December 31, 2018.

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

5. CAPITAL MANAGEMENT (Continued)

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

6. FINANCIAL RISK FACTORS

There have been no changes in the risks, objectives, policies and procedures from the previous period. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to receivables. The receivables primarily relate to sales tax due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has sufficient cash to meet its current short and mid-term funding requirements.

Market risk

(a) Interest rate risk

The Company has cash balances therefore, interest rate risk is minimal.

(b) Foreign currency risk

The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company funds certain expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. A 1% change in foreign exchange rates between the Canadian and US dollar at December 31, 2018 would not have a significant impact on the Company's financial statements.

(c) Price risk

The Company is exposed to price risk with respect to equity prices as there is a potential adverse effect on the Company due to movements in individual equity prices or the stock market in general.

(d) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next three month period.

7. CASH AND CASH EQUIVALENTS

The Company's short term money market instruments accrue interest at 1.60% per annum (2017: 0.95% per annum) and are redeemable at any time without penalty.

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

8. RECEIVABLES

The receivables balance is comprised of the following item:

	December 31, 2018	September 30, 2018
Sales tax due from Federal Government	\$ 8,307	\$ 6,092
Total	\$ 8,307	\$ 6,092

9. PREPAID EXPENSES

The prepaid expense balance is comprised of the following item:

	December 31, 2018	September 30, 2018
Insurance	\$ 2,771	\$ 5,146
Total	\$ 2,771	\$ 5,146

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them or any companies where they are also a director or officer.

Trading Transactions

The Company entered into the following transactions with related parties for the three months ended December 31:

	Nature of transactions	Notes	2018	2017
West Oak Capital	Management fees	a	\$ 24,000	\$ 24,000
Olga Nikitovic	Management fees	b	\$ 15,000	\$ 15,000
Aird & Berlis	Legal fees	c	\$ 27,364	\$ 7,357

a) West Oak Capital Partners Inc. ("West Oak") is owned by R. B. Duncan, the Company's Executive Chairman of the Board and CEO. The fees paid to West Oak are included in management fees.

b) Olga Nikitovic is the CFO of the Company. The fees paid relate to financial management and accounting services and are classified as management fees.

c) Tom Fenton, Director and Corporate Secretary for the Company is a partner with Aird & Berlis LLP. Fees of \$2,230 (2017: \$7,357) are included in professional fees, and fees of \$25,134 (2017: \$Nil) are included in opportunity investigation costs. Legal fees included in accounts payable at December 31, 2018 are \$Nil (2017: \$11,383). This balance payable is unsecured, non-interest bearing and due on demand.

CANADA COAL INC.**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017****10. RELATED PARTY TRANSACTIONS (Continued)***Compensation of key management personnel*

	Notes	Three months ended December 31, 2018	Three months ended December 31, 2017
Salaries	a	\$ 39,000	\$ 39,000
Total		\$ 39,000	\$ 39,000

a) The Company does not pay any directors' fees nor does the Company pay any health or post employment benefits. The salaries include the fees for the Executive Chairman, CEO and CFO and are included in trading transactions above.

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS**Capital stock**

The Company has authorized an unlimited number of common shares without par value. As at December 31, 2018, the Company had 31,724,875 common shares outstanding (September 30, 2018 : 31,724,875).

There were no capital transactions during the three months ended December 31, 2018.

Share purchase warrants

As at December 31, 2018, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price \$	Number of Warrants Outstanding	Weighted average remaining contractual life (years)	Number of Warrants Exercisable
January 23, 2021	0.20	5,000,000	2.06	5,000,000
		5,000,000	2.06	5,000,000

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (EXPRESSED IN CANADIAN DOLLARS)
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

The following is a summary of the share purchase warrant transactions for the three months ended December 31, 2018 and the year ended September 30, 2018.

	Three months ended December 31, 2018		Year ended September 30, 2018	
	Number Of Warrants	Weighted Average Exercise Price \$	Number Of Warrants	Weighted Average Exercise Price \$
Balance, beginning of the period	5,000,000	0.20	-	-
Warrants issued	-	-	5,000,000	0.20
Warrants exercised	-	-	-	-
Warrants expired	-	-	-	-
Balance, end of period	5,000,000	0.20	5,000,000	0.20

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued for the three months ended December 31, 2018 and for the year ended September 30, 2018.

	Three months ended December 31, 2018	Year ended September 30, 2018
Share price	-	\$0.05
Risk-free interest rate	-	1.85%
Expected dividend yield	-	0.00%
Expected stock volatility based on historical volatility	-	173%
Expected warrant life in years	-	3.0 years

Stock options

The Company may grant stock options pursuant to a stock option plan (the "Plan") which was established in accordance with the policies of the TSX Venture Exchange. The Board of Directors administers the Plan, pursuant to which the Board may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants or advisors. The options can be granted for a maximum of 10 years.

CANADA COAL INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)**Stock options (Continued)**

As at December 31, 2018, the following incentive stock options were outstanding:

Expiry Date	Exercise Price \$	Options Outstanding and Exercisable	
		Number of Options Outstanding and Exercisable	Weighted average remaining contractual life (years)
January 23, 2019	0.40	100,000	0.06
September 22, 2021	0.10	1,250,000	2.73
		1,350,000	2.53

The following is a summary of the stock option transactions for the three months ended December 31, 2018 and the year ended September 30, 2018.

	Three months ended December 31, 2018		Year ended September 30, 2018	
	Number Of Options	Weighted Average Exercise Price \$	Number Of Options	Weighted Average Exercise Price \$
Balance, beginning of the period	1,350,000	0.12	1,350,000	0.12
Options granted	-	-	-	-
Options expired	-	-	-	-
Balance, end of period	1,350,000	0.12	1,350,000	0.12

Stock-based compensation

There were no options granted during the three months ended December 31, 2018 and 2017.

12. SEGMENTED INFORMATION

The Company previously operated in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. The Company currently has no project. As the operations comprise a single reporting segment, amounts disclosed in the condensed consolidated interim financial statements also represent segment amounts.

CANADA COAL INC.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)**

FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

13. COMMITMENTS AND CONTINGENCIES

The Company entered into certain management contracts which contain clauses requiring additional payments of up to \$409,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed consolidated interim financial statements.

14. SUBSEQUENT EVENTS

a) 100,000 options exercisable at \$0.40 per share expired.